

16 April 1957

MEMORANDUM FOR: Executive Secretary
Economic Intelligence Committee

SUBJECT : Proposed Extension of External Research Project on
the Agricultural Economy of the USSR

25X1A5a1 1. Subject project being undertaken by [REDACTED] is scheduled to expire by the end of September, 1957. By that time work on the project will have reached a point permitting the presentation of a series of articles or monographs. In addition, much information will have been provided to ORR for incorporation into the interdepartmental EIC paper entitled, "Policies, Performance, and Prospects of Soviet Agriculture."

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25X1A5a1 2. Research to date on subject project has uncovered a considerable body of unclassified data on additional topics which ORR has not been able to develop and which would be valuable additions to the research underway or to be undertaken within ORR. Therefore this Office is proposing to extend the project [REDACTED] on a reduced scale beyond its present scope and duration to include research on the following significant aspects:

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a. Research would be done on the turnover tax on agricultural products, including both the theoretical and practical aspects of that tax. A theoretical analysis of the tax is important to the construction and evaluation of national income statistics, and to the use of national income statistics, and to the use of national income data in the study of growth and in the analysis of the composition of output. It is probable that the turnover tax should be accepted as a factor payment, but the continued acceptance of this view requires more careful and extensive analysis than has yet been undertaken.

b. The second area of research would cover rural consumption. In the last 2 to 3 years, the Soviets have taken steps to spur agricultural output by increasing procurement prices and by adopting other devices designed to increase the incentives of the peasant. A comparison of present rural levels of consumption with earlier periods and with urban levels of consumption will help in evaluating the effectiveness of these measures.

c. Various agricultural income series have been developed during the present research project. These series would be carried forward an additional two years. These series not only increase our understanding of the agricultural situation, but assist in making national income estimates. The proposed study of rural consumption (b above) is closely related to the income problem.

3. The additional research proposed will not duplicate research called for in the present project and will, as is the present project, be based on primary unclassified sources and will be organized for easy integration with classified research conducted in ORR. The project will continue to be headed by [REDACTED], and monitored by [REDACTED], Chief of the Agriculture Branch, ORR. It is estimated that the additional research proposed will cost [REDACTED] and at the planned scale of effort will require two years to complete, terminating in September, 1959.

4. It is requested that appropriate EIC coordination be effected on the proposed extension of subject project.

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[REDACTED]
Assistant Director
Research and Reports